

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Inbound Air Parcel Post (At UPU Rates)
(MC2010-11)

Docket No. CP2012-32

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE CONCERNING CHANGE IN
RATES NOT OF GENERAL APPLICABILITY FOR
INBOUND AIR PARCEL POST AT UPU RATES

(June 21, 2012)

The Public Representative hereby provides comments pursuant to Order No. 1367.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on the Postal Service's Notice of a change in rates not of general applicability for Inbound Air Parcel Post at UPU rates.²

Prices and classifications not of general applicability for Inbound Air Parcel Post at UPU Rates were previously established by Governors' Decision No. 09-15, issued November 16, 2009.³ In Order No. 362, Commission approved the addition of Inbound Air Parcel Post at UPU Rates to the competitive product list.⁴

¹ PRC Order No. 1367, Notice and Order Concerning Change in Rates for Inbound Air Parcel Post at UPU Rates, June 13, 2012.

² Notice of United States Postal Service of Filing Changes in Rates Not of General Applicability and Application for Non-Public Treatment of Materials Filed Under Seal, June 11, 2012 (herein Notice).

³ See Request of the United States Postal Service to Add Inbound Air Parcel Post at Universal Postal Union (UPU) Rates to the Competitive Products List, Notice of Establishment of Prices and Classifications Not of General Applicability for Inbound Air Parcel Post at UPU Rates Established in Governors' Decision No. 09-15, and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2010-11 and CP2010-11, November 17, 2009 (herein "Request").

⁴ See PRC Order No. 362, Order Adding Inbound Air Parcel Post at UPU Rates to Competitive Product List, Docket Nos. MC2010-11 and CP2010-11, December 15, 2009.

The Postal Service asserts that the rates presented in its Notice comport with Governors' Decision No. 09-15 in that they "are the highest possible inward land rates for which the Postal Service was eligible based on inflation increases and other factors." *Id.* at 2-3. The Postal Service also notes that Article RC 193.3 of the UPU's Parcel Post Regulations permit modification of air parcel post inward land rates for bonus payments twice each year on January 1st and July 1st. Notice at 2-3. The modifications reflect the provision of value-added service features by designated postal operators, and changes in inflation.

On October 3, 2011, the UPU announced the inward land rates for implementation on January 1, 2012.⁵ In Order No. 1079, the Commission determined that the inward land rates subsequently implemented on January 1, 2012, comport with the statutory provisions applicable to rates for competitive products.⁶ In this proceeding, the inward land rates announced by the UPU on March 26, 2012,⁷ and presented in the Postal Service's Notice, are to be implemented July 1, 2012. *Id.* at 1.

COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the attachments thereto, and the supporting financial model filed under seal that accompanied the Postal Service's Notice. Based upon that review, the Public Representative concludes that the rates not of general applicability for Inbound Air Parcel Post at UPU rates satisfy the requirements of 39 U.S.C. §3633(a).

Under section 3633(a), the criteria for Commission review are whether the competitive product rates (1) do not result in market dominant products subsidizing competitive products, (2) ensure that each competitive product covers its attributable costs; and (3) enable competitive products as a whole to cover an appropriate share of the institutional costs of the Postal Service. In this proceeding, the Postal Service incorporates by reference the explanations of Inbound Air Parcel Post at UPU rates

⁵ IB Circular 193, Parcel Post—Inward Land Rates Applicable from 1 January 2012, October 3, 2011.

⁶ PRC Order No. 1079, Order Accepting Price Changes for Inbound Air Parcel Post at UPU Rates, Docket NO. CP2012-3, December 29, 2011, at 6.

⁷ IB Circular 60, Parcel Post—Inward Land Rates Applicable from 1 July 2012, March 26, 2012.

contained in its Request and other materials filed in Docket Nos. MC2010-11 and CP2010-11, justifying a finding of compliance with the statutory criteria. Notice at 2. With respect to criterion (2), the financial model accompanying the Postal Service's Notice supports a conclusion that the inward land rates for Inbound Air Parcel Post at UPU rates comply with section 3633(a)(2).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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